



**CITY OF AUSTIN  
RECOMMENDATION FOR BOARD ACTION**

**AGENDA ITEM NO. 2  
AGENDA DATE 4/19/02  
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**SUBJECT** Approve the negotiation and execution of a loan to Ardent Residential or its affiliate or subsidiary in compliance with applicable requirements and performance goals under the Rental Housing Development Assistance (RHDA) Program in an amount not to exceed \$710,350 to assist in the development of not less than 30 units of affordable rental housing for low income families at 1418 1500 South Lamar Boulevard

**AMOUNT AND SOURCE OF FUNDING** Funding is available in the Fiscal Year 2006-2007 Austin Housing Finance Corporation budget allocation under the Rental Housing Development Assistance Program. It is anticipated that the transaction will be funded with City of Austin Housing Trust Funds or General Obligation Housing Bond proceeds.

**FISCAL NOTE** There is no unanticipated fiscal impact. A fiscal note is not required.

**FOR MORE INFORMATION** Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

**PRIOR COUNCIL ACTION** N/A

**BOARD/COMMISSION ACTION** Approval of zoning change recommended by the Planning Commission on September 26, 2006.

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Ardent Residential or its affiliate or subsidiary has an on-going option to acquire and develop Stoncridge Apartments at 1418 1500 South Lamar Boulevard. Ardent has been preparing to redevelop the property as a mixed-use development that will include approximately 300 residential rental units as well as commercial space for lease to prospective businesses.

The total project cost to buy down rents to serve households at 50% MFI for 30 units for a 40-year affordability period is \$1,108,000 or \$36,933 per unit.

The project will include a minimum of 10% or not less than 30 units of all residential units developed as affordable rental units for families with yearly household incomes not to exceed 50% of the Austin area's median family income as determined annually by HUD for a 40-year affordability period. The current income and rent limits as determined and calculated by HUD are as follows:

HOUSEHOLD SIZE	1	2	3	4
50% MFI	\$24,900	\$28,450	\$32,000	\$35,550
UNIT SIZE	Eff	1	2	
50% MFI RENT LIMIT	\$622	\$666	\$800	

Following approval a Rental Housing Development Assistance (RHDA) Program Loan will be negotiated and executed with Ardent Residential, or its affiliate or subsidiary in an amount not to exceed \$710,350 for a term of 40 years at zero percent interest or such other terms as determined necessary and appropriate to finance the project. Repayment of the loan will be deferred on a yearly basis for the duration of the 40 year period. Principal and interest will be forgiven at the end of the loan term contingent upon compliance with the loan agreement.

The project is proposed under the RHDA Program that provides federal and non federal funds as financing for the development of affordable rental housing for low and moderate income families and persons with special needs. The development of the project is subject to applicable RHDA program and environmental review and fund release requirements.

Estimated sources of funds for the project are as follows:

Fee Reimbursement Agreement (subject to Council approval)	\$ 397,650
RHDA Program Loan	\$ 710,350*
<b>Total</b>	<b>\$ 1,108,000</b>

*\* The RHDA Program Loan may be funded from Housing Trust Fund or General Obligation Bond proceeds. Because General Obligation Bond proceeds are being proposed as an available fund source, a good faith effort has been made to meet the proposed Bond Program Guidelines. Specifically, the Housing Bond Review Committee has been notified of this proposed transaction.*

Performance measures associated with the project are as follows:

Perform in accordance with the Loan Agreement, Restrictive Covenant, and Fee Reimbursement Agreement.

Develop not less than 30 units affordable rental housing for families with yearly incomes not to exceed 50% MFI for a 40 year affordability period.

Make a minimum of 3 units accessible for persons with mobility disabilities and 1 unit accessible for persons with hearing and vision disabilities.

The requested funding is available in the Fiscal Year 2006-2007 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable rental housing for low and moderate income households and persons with special needs.



# City of Austin

# MEMO

## Neighborhood Housing and Community Development

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**Date** April 12, 2007

**To** Mayor and City Council Members

**From** Paul Hilgers, NHCD Director

**Subject** Stoneridge Redevelopment Housing Affordability Proposal Options

### Background

On November 16, 2006, Council directed staff to develop options to reach deeper levels of affordability in the redevelopment of Stoneridge Apartments at 1418-1500 South Lamar. Specifically, staff was directed to develop a proposal to provide 10 percent (30 units) of rental housing for households at or below 60% or 50% of area median family income (MFIL). The Stoneridge redevelopment project located consists of a mixed-use development with approximately 300 residential rental units as well as commercial space for lease. Council encouraged staff to reach the 50% MFIL target.

### Affordable Housing Proposal Requirements

This project will provide affordable rental units serving households at or below 50% MFIL as determined annually by the U.S. Department of Housing and Urban Development (HUD). The 2007 income and rent limits as determined and calculated by HUD are as follows:

HOUSEHOLD SIZE	1	2	3	4
50% MFIL	\$21,900	\$28,450	\$32,000	\$35,550
UNIT SIZE	Eff	1	2	
50% MFIL RENT LIMIT	\$622	\$666	\$800	

### Affordable Housing Financing

The developer's cost to buy down rents from 80% MFIL rents to 50% MFIL rents is \$1,108,000. The total cost per unit is \$36,933. AHFC proposes to finance this amount with the following:

- **Fee Reimbursement Agreement** The City of Austin will provide a Fee Reimbursement Agreement for development fees and public improvements in an amount not to exceed \$397,650.

Prepared by: [Signature] Date: [Signature] Reviewed by: [Signature] Date: [Signature]

- **AHFC RHDA Program Loan** The AHFC and the developer will enter into a Rental Housing Development Assistance (RHDA) Program Loan Agreement for a deferred forgivable loan in the amount of \$ 710,350 to secure not less than 30 units at 50% MFI rent limits for a period of 40 years

- Funding Options for AHFC RHDA Program Loan Agreement

- AHFC Board approves AHFC Rental Housing Development Assistance (RHDA) Housing Trust Funds
- AHFC Board appropriates AHFC Rental Housing Development Assistance (RHDA) and General Obligation Housing Bonds

- **Summary of Affordable Housing Financing**

FCC Reimbursement Agreement	\$397,650
AHFC RHDA Program Loan	\$710,350
<b>TOTAL</b>	<b>\$1,108,000</b>

### **Affordable Housing Compliance and Monitoring**

The project is subject to all RHDA Program monitoring including on going monitoring to verify tenant income eligibility and physical property inspections (Housing Quality Standards) in addition to other requirements as stipulated in the loan agreement e.g. insurance provisions, etc